

Message Text

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PAGE 01 SEOUL 02024 130648Z
ACTION EA-12

INFO OCT-01 ISO-00 XMB-02 EB-08 /023 W
-----086441 130653Z /15
R 130631Z MAR 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 1816
INFO USDOC WASHDC

C O N F I D E N T I A L SEOUL 2024

DEPT. PASS EXIMBANK

E.O. 11652: GDS
TAGS: BENC, KS
SUBJECT: HYUNDAI CAPROLACTAM PLANT

REF: SEOUL 1820

1. WE ARE GRATEFUL FOR DEPARTMENT'S ASSISTANCE IN ALERTING ARTHUR G. MC KEE & CO. TO MCI'S OFFER TO HELP SELL THEIR CAPROLACTAM PLANT.

2. J.W. FLORENCE PHONED EMBASSY FROM SAN MATEO ON MARCH 8, 1978, AND, AT OUR SUGGESTION, BRIEFED NOH CHIN SHIK OF MCI BY TELEPHONE. NOH THEN CALLED HYUNDAI INTERNATIONAL (HII) PRESIDENT CHUNG IN-YUNG TO INFORM HIM THAT THE ROKG PERCEIVES PARTICULAR ADVANTAGE IN MC KEE'S PROPOSALS AND KEENLY DESIRES THAT HE PURCHASE THE U.S. PLANT. AT NOH'S SUGGESTION, ECONCOUNS FOLLOWED UP WITH CHUNG WHO SAID HE WOULD GIVE ROKG'S WISHES VERY SERIOUS CONSIDERATION AND WOULD KEEP IN TOUCH WITH EMBASSY.

3. FACTUAL SITUATION IS THAT THE MCKEE BID IS JUST UNDER \$12 MILLION WHILE THE CHIYODA CHEMICAL (JAPAN) BID IS \$9 MILLION. MC KEE CANNOT IMAGINE THAT CHIYODA WOULD BE ABLE TO HOLD TO SUCH A PRICE. MC KEE CONSIDERS THAT CHIYODA WOULD
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TAKE ADVANTAGE OF INEVITABLE DESIGN CHANGES IN THE COURSE OF THE PROJECT TO ADD A FEW MILLION DOLLARS. ADDITIONALLY, MC KEE DOUBTS THAT CHIYODA WOULD OFFER MUCH IN THE WAY OF TECHNOLOGY TRANSFER OR TEAM WITH HII FOR FUTURE PLANT PROJECTS IN THIRD COUNTRIES AS MC KEE HAS OFFERED.

4. EMBASSY COMMENT: MAGNITUDE OF PRICE DIFFERENTIAL IS

GREAT BUT MC KEE STATES THAT ITS BID IS NOW AT ROCK-BOTTOM.
DEPARTMENT MAY WISH TO INFORM J.W. FLORENCE THAT ROKG HAS
JOINED US IN CROSSING THE RUBICON.
SNEIDER

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Message Attributes

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Draft Date: 13 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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TAGS: BENC, KS
To: STATE
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